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DEPT FOR EUR/AGS, INR/EU, AND EUR/PPD FOR YVETTE SAINT-ANDRE

OSD FOR COMMANDER CHAFFEE

WHITEHOUSE FOR NSC/WEUROPE

E.O. 12958: N/A  
TAGS: [KPAO](#) [AU](#) [OPRC](#)

SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: February 14, 2007

Extradited: Elsner Back in Vienna

1. Former Bawag boss Helmut Elsner arrived in Vienna yesterday after a months-long tug of war between Elsner and his lawyers, who claimed the ex-Bawag boss had a weak heart and could not be transported from his French residence to Vienna for trial, and the law enforcement authorities who doubted the validity of Elsner's claimed illness and kept pushing for his extradition. His lawyer had only recently announced that Elsner would have to undergo heart surgery in February - however, on Tuesday, two doctors examined him and declared him sufficiently fit for return to Austria. Upon his return, Elsner was taken to a prison in the 8th district of Vienna where a decision about his remand period will be made on Wednesday. Elsner will certainly have to face charges including forgery of balance sheets and fraud in connection with his involvement in the Bawag scandal which led to the bank's being sold. Starting date for the trial of Elsner and the other accused has not yet been fixed - Elsner could face a prison sentence of up to 10 years. In addition, there is a claim for damages pending from the Austrian central organization of trade unions, the VGB. Minister of Justice Maria Berger, in a joint press conference with Bawag prosecutor Georg Krakow, explained that Elsner's transfer to Austria was the result of perfect cooperation between Austrian and French law enforcement authorities, writes independent daily "Der Standard."

Steyr Weapons in Iraq

2. The export license for 800 Steyr-Mannlicher sniper guns to Iran was defended by Minister of the Interior Günther Platter on Tuesday. He refused to comment on reports according to which a part of this delivery has meanwhile turned up in Iraq. He stressed that in the future, export of weapons would be closely monitored. The export license had been granted under Platter's predecessor Ernst Strasser in November 2004. ORF online reports that the US Embassy in Vienna did not yet confirm the discovery of the sniper guns in Iraq. Embassy spokesman William Wanlund stated that "we will look into these reports, but we cannot yet confirm their validity, adding that, if the reports turned out to be true, this would be "profoundly disturbing." Steyr-Mannlicher Managing Director Franz Holzschuh has pointed out the possibility that precision guns can be copied, and is cited by centrist daily "Die Presse" as complaining that his company is "a political pawn." However, the daily notes that the Steyr H-50 guns have been a political irritant between the US and Austria for years. In December 2005, Steyr-Mannlicher was subjected to a US embargo - the company was no longer allowed to deliver weapons to the US, however, the ban has in the meantime been lifted (sic). Austrian

Press Agency "APA" reported on the criticism voiced by Greens spokesman Peter Pilz of the OeVP government officials who were responsible for approving the sale of the sniper guns. He criticized that "attack weapons" had been delivered to the "friends of terror" in Iran and referred to the fact that former US Ambassador to Austria Lyons Brown, at his courtesy call to the new Minister of the Interior Liese Prokop in January 2005, had demanded a stop to the deliveries. Pilz also renewed his charges against Gert Rene Polli, head of the Office for the Protection of the Constitution and Fight Against Terrorism, who is supposed to have played a key role in the deal.

#### Media Reaction to the Weapons Deal Controversy

13. Foreign affairs writer for centrist daily "Die Presse" Oliver Grimm comments on the Austrian weapons deal with Iran, claiming that "[s]uch news makes your hair stand on end: Iraqi terrorists use Austrian sniper guns to chase American and British soldiers. Austria sponsors Islamist terror - even more: it profits from it. A scandal! - or perhaps not. (...) Whether it is a scandal or simply a mix-up, one thing is clear: Austria's system of weapons export needs reform. When in 2004, the Foreign Ministry made no objections to the planned export to Iran, allies in nearby Iraq were already engaged in heavy fighting with Shiite militia. That their Iranian brothers in faith really needed 800 sniper guns simply for chasing drug smugglers, hopefully not even the most naive member of the Foreign Ministry believed."

#### US Is Active Against Climate Change

14. US Ambassador in Brussels Boyden Gray gave an interview to centrist daily "Die Presse," in which he criticized EU climate goals. The US defends itself against charges from Europeans that it does not act decisively against climate change. In the interview, Amb. Gray states that the EU may formulate ambitious goals to fight air pollution, but we follow up with concrete measures," and goes on to outline some of the measures taken by the Bush administration, such as his goal of reducing gasoline demand by 20 percent in the next ten years. The US Ambassador also points out that his country is planning to step up the development and use of biological fuels. "It is going to be our technology which will reduce the greenhouse gas emissions worldwide. The EU plan to reduce CO2 emissions by at least 20 percent until 2020 contained hardly any details of how this goal was to be achieved," Gray said. He also was skeptical about Europe's formulation of ambitious goals when the technology for their realization is still lacking.

#### More Attacks in Lebanon

15. Wednesday marks the second anniversary of the murder of former Prime Minister Rafik Hariri, and attacks launched Tuesday gave rise to concerns that violence might once again escalate in Lebanon. At least three were killed and 20 more injured in two almost simultaneous attacks on small busses that were on their way to Beirut. On the actual anniversary, thousands of people are expected to pay tribute to the memory of Hariri in Beirut.

#### North Korea Agrees to Turn Off Nuclear Plant

16. It is confirmed that the North Korean regime has agreed to turn off its Yongbyon nuclear power plant within 60 days in exchange for urgently required economic assistance and oil supplies. North Korea also consented to once again admit IAEA inspectors into the country. It is unclear, however, whether this agreement will last - in the past, the Stalinist regime in Pyongyang has always found pretexts for undermining similar agreements. Moreover, some in the US are skeptical: Former US Ambassador to the UN John Bolton condemned the agreement as sending the "wrong signal" to North Korea. It is unclear whether the US Congress will grant the money for expensive economic assistance programs. Semi-official daily "Wiener Zeitung" points out that it's not just Republican hardliners such as Bolton, but also Democrats who are beginning to voice criticism, albeit in a more subdued manner, arguing that the agreement could have been concluded earlier. As early as 1994, former President Clinton had worked out a similar agreement. However, the Bush administration sees important differences: This time, China is behind the agreement as well, thus

making it harder for the North Koreans to break the agreement without angering its powerful neighbor, analyzes "Wiener Zeitung." Also new is the fact that working groups will explore ways to reduce tensions on the Korean peninsula. As yet unresolved is the question of what will happen to the existing nuclear arsenal in North Korea. "Wiener Zeitung" refers to estimates that the DPRK has the capacity to produce six to ten nuclear warheads. The uranium enrichment program, whose existence the North Koreans have always denied, was likewise not mentioned. Japan is critical of the deal, refusing to pitch in with oil deliveries as long as the fate of the Japanese citizens, who were abducted to North Korea in the seventies, is not resolved."

#### Putin For Middle East Conference

17. After meeting with Jordanian King Abdullah on Tuesday, Russian President Vladimir Putin has proposed a Middle East conference which would include Syria and Lebanon. During his visit to Amman, the Russian President also met with Palestinian President Mahmoud Abbas. After the agreement between Fatah and Hamas for a government of national unity, Palestinian Prime Minister Haniyeh had called on the EU and the Middle East quartet, consisting of EU, UN, Russia and the US, to end the boycott of his government.  
McCaw